



Prepared by the City of Boulder

Economic Vitality Staff

April 2005

## The Mission

The mission of the City of Boulder's Economic Vitality Program is to support an economic environment of partnership, collaboration, innovation and opportunity with the private sector to achieve a vibrant and healthy local economy. A number of key city staff are involved in carrying out the city's Economic Vitality Policy. These include the City Manager, Economic Vitality Director, Redevelopment Director, Downtown and University Hill and Parking Services Director, and Planning Director. Other staff contributes through various roles and tasks to the economic goals. The city is joined in its efforts to promote economic vitality by the Chamber of Commerce, Boulder Economic Council, Boulder Tomorrow, Downtown Boulder, Inc., and the Convention and Visitors Bureau. Rather than being competitive or duplicating other's efforts, the city is working in close cooperation with these and other organizations to share resources and jointly work toward achieving common goals. As a result, while the city's Economic Vitality staff may take on the lead role for some initiatives, leadership for others may be provided by any of our partners. The city's role in these instances may be to provide varying amounts of personnel and/or financial support.

The intent of the Economic Vitality Work Plan is that it be an evolving document that reflects current actions and plans as well as future actions. As accomplishments are achieved, actions, timelines, and measurements will adjust. New actions and plans will be added as old activities are completed.

## Economic Vitality Accomplishments

In its first year, the city's Economic Vitality Program has had many major accomplishments including:

- ✓ Hired the Economic Vitality Director and Redevelopment Director
- ✓ Formed the Economic Vitality Advisory Board (EVAB)
- ✓ Developed the city's Economic Vitality Policy (adopted by City Council October 2003)
- ✓ Formed a Natural and Organic Foods industry cluster initiative
- ✓ Met with over forty businesses to address concerns or proactively work to create positive relationships with the city
- ✓ Provided funding for a quarter-time Economic vitality Case Manager position in the Planning Department to coordinate services for key business projects
- ✓ Completed a feasibility study and business plan for the Boulder Innovation Center, which has incorporated and secured funding to begin operations.
- ✓ Developed the Downtown Strategic Plan and began implementing several plan recommendations



- √ Completed the University Hill Business Plan, looking at opportunities and constraints for redevelopment in the University Hill commercial area
- √ Completed the initial feasibility and site selection process for the Conference Center
- √ Launched the Economic Vitality web site, [www.businessinboulder.com](http://www.businessinboulder.com)

## **Boulder Economic Conditions**

Although Boulder has a long history of supporting projects that have contributed to the city's economic prosperity, it is only recently, after structural changes that have diminished the city's role as the regional economic center, that Boulder has had a formal program to address the issue. The first steps toward creating an Economic Vitality Program were taken in 2002, when economic vitality was adopted as a city goal.

A recent study by DRCOG suggests that Boulder has lost approximately 5,000 jobs since the beginning of the economic downturn in 2001. Current vacancy rates stand at 17.8% for all office and industrial space. While Boulder remains a place that fosters innovation and entrepreneurship, it is losing its pre-eminent role within the region. It is perhaps a greater concern that many mid-sized businesses (100-300 employees) are finding it difficult to remain in the city. The issues cited for relocating outside of the city include:

- high facility costs, whether to rent or purchase, often 50% higher than elsewhere in the region;
- site constraints which limit opportunities for expansion, at a business's present location or elsewhere;
- the poor condition and infrastructure of Boulder's aging buildings, many of which are significantly older than the stock found in the newly constructed business parks along US-36;
- A perception that Boulder's policies and procedures may delay, complicate, or add costs to projects;
- limited availability and the cost associated with employee parking, for larger businesses in the downtown;
- the high cost of housing makes it difficult for lower-level employees to afford to live in Boulder;
- growing competitiveness of communities outside of Boulder due to major companies and employees moving outside of the city; and
- aggressive economic development efforts conducted by surrounding communities that offer generous financial inducements.

## Key Strategies for Economic Health

In 2003, the city formed the Economic Vitality Advisory Group (EVAG), which was convened to develop the Economic Vitality Policy. Boulder's Economic Vitality Work Plan is built around an understanding of the issues impacting the city's business climate, and it offers unique responses to Boulder's unique challenges. It is guided by underlying principles such as prioritizing growth from within (i.e., entrepreneurship and small business development), incorporating both short- and long-term initiatives, and finding sustainable solutions to achieve the city's goals. Boulder's Economic Vitality Policy is intended to support a business community reflecting the values and beliefs of the general community. It is a strategy based on collaboration with others to promote innovation and opportunities for local residents, including minorities and the economically disadvantaged.

The City of Boulder is working in partnership with other organizations providing economic development services to the Boulder community. The partners include the Boulder Economic Council, the Downtown Boulder BID, the Boulder Convention and Visitor's Bureau, the Boulder Chamber of Commerce, the Boulder Arts Commission, the University of Colorado, the Federal Laboratories, and other government, business, and community organizations.

Primary businesses are those that produce a product or offer a service for sale outside of the local area, thereby bringing new income into the community. Working to retain and expand these businesses is a core objective of the city's economic vitality effort. Key strategies to accomplish this include:

1. Engage in an active program of visitation to businesses located in the city, with the intent of proactively identifying issues and working to resolve them.
2. Adopt an industry cluster approach to fostering business growth. Industry cluster strategies are partnerships between businesses, government, education and organizations to work collaboratively in ways that promote innovation and the competitiveness of cluster businesses.
3. Develop appropriate business assistance resources to encourage the retention, expansion, and attraction of businesses valued by the community. These tools will include both financial and technical assistance programs. The city will also make appropriate changes to its codes and policies.
4. Adopt policies and programs that encourage rehabilitation or redevelopment of "tired buildings." Financial assistance programs and project expediting will be targeted to industrial and office buildings where existing Boulder businesses may locate or expand.
5. Support the efforts of the Boulder Innovation Center and other organizations to encourage entrepreneurship and small business development.
6. Work with the University of Colorado, NOAA, NIST, NREL, and other research facilities to



promote technology transfer and maintain or enhance the presence of these facilities in Boulder.

All strategies must have measurable outcomes in order to determine the success of the initiative. Following each strategy, are the schedule of actions/activities and the metrics associated with these.

## Business Retention and Expansion

Boulder's Economic Vitality staff and its partners have visited and will continue to visit with Boulder businesses to discuss their needs and future plans for expansion or possible relocation. Visits are done proactively to try and identify and resolve issues and concerns before they reach a critical stage in order to retain and expand businesses within the city.

**Actions and Timeline:** The Economic Vitality team will maintain a minimum visitation schedule of five new businesses each month, or sixty or more businesses each year.

**Measurement:** Success of this effort will be measured by feedback from businesses visited as well as the number of businesses deciding to stay or expand in Boulder.

## Cluster Initiatives

Cluster initiatives are a relatively new concept in economic development and are the coordinated effort of multiple businesses that have similar technologies, products, or markets to improve competitiveness and the growth of these businesses. For example, the natural and organic foods business and industry has been identified as a cluster initiative. Cluster efforts focus supporting multiple businesses in an industry rather than on individual firms. By sharing research and networking, innovation and technology, education and training, commercial collaboration, and/ or policy action there should be a resulting stimulation of these businesses. Effective cluster strategies build on industries already present in the local economy, accelerating growth rather than trying to build a cluster from nothing.



A task force has been formed to explore Renewable Energy and Green Building, with support from the Colorado Environmental Business Association/P3. Other clusters being considered presently include Biosciences, Photonics, Software and the Internet, Outdoor and Sports Industries, and Creative Services. Economic Vitality staff is convening business, academic, organizational, and other partners to work on cluster formation and implementation.

**Actions and Timeline:** Implementation of Natural Foods initiatives is underway. A Renewable Energy and Green Building cluster is being formed now and remaining clusters will be formed and implemented now through 2006. Many of these will be in partnership with business associations



already working on issues within each cluster (for example, the Colorado Software Industry Association).

	2004		2005				2006	
	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Identify Industry Clusters								
Form Natural Foods Cluster								
Identify Natural Foods Goals								
Implement Natural Foods Initiatives								
Form Renewable/Green Cluster								
Identify Renewable/Green Goals								
Implement Renewable/Green Init.								
Form Remaining Clusters								
Identify Cluster Goals								
Implement Cluster Initiatives								

**Measurement:** Success will be measured by industry participation within each cluster organizations, and the outcome of projects or goals set by each industry cluster.



## Business Assistance

The City of Boulder's Economic Vitality Policy states that "the city will provide assistance to business and industry with regards to city process and procedures, including periodic land use code and process simplification..." and "the city will consider without limitation, the use of tools such as a business use tax rebate to promote corporate reinvestment in the community." Cities around Boulder are offering generous incentives to businesses that locate within their borders. The city needs to be competitive with surrounding communities. A task force of the

Economic Vitality Advisory Board is considering both regulatory and targeted financial assistance programs and is working on producing a comprehensive "package of tools" that could be implemented to retain and expand the businesses that significantly contribute to the community.

This policy area also encompasses potential revisions to Boulder's regulations and processes which may unintentionally hamper business activity. The Planning Department is currently in the process of revising and simplifying its Land Use Code. The sign ordinance is second area which may receive attention.

**Actions and Timeline:** The process of considering business assistance programs began in January 2005 with a meeting of the EVAB task force. This task force will continue to meet to discuss potential programs. Following public discussion, the final recommendations will be presented to City Council in the second half of 2005.

	2005							
	January	February	March	April	May	June	July	August
Identify Issues to be Addressed								
Identify Potential Programs								
Public Discussion								
Recommendation to Council								

**Measurement:** The initial success of this effort will be preparation of recommendations to the City Council on incentive programs which may be adopted in Boulder. Further success will be measured

by the economic impacts of these programs to the city's ability to attract and retain businesses in accordance with the guidelines which get adopted.

## Redevelopment and Real Estate

Redevelopment is carried out through private initiatives and through public-private partnerships. The City will work with private developers to help facilitate their redevelopment projects. Public-private partnerships may be formed to carry out more difficult projects. These could entail the formation of redevelopment districts, land assembly, and the utilization of financial tools such as tax increment financing.



Several recent major projects including Twenty Ninth Street, the St. Julien Hotel and projects along North Broadway are expected to be significant contributors to Boulder's economic health. Staff has been working with property owners and developers to identify opportunities for redevelopment of specific sites. Staff is currently accelerating its support of these redevelopment opportunities. Also, staff is working with property owners within the Boulder Valley Regional Center as well as the National Guard Armory on North Broadway.

There are also additional opportunities for private sector redevelopment of commercial properties that are well located, however they may have aging buildings and/or have complex ownership patterns that may benefit from city support and facilitation. Potential public/private partnerships are being considered for two specific areas: the Diagonal

Shopping Center area and the University Hill.

Several concerns have been raised regarding the age and condition of some of Boulder's office and industrial buildings, which may have a dated appearance and infrastructure. Some of Boulder's business areas have been criticized as lacking the same diversity and vitality that makes the downtown so attractive. One business, after announcing its decision to relocate from Boulder to the Interlocken Business Park, commented that "if you are not downtown, there is no reason to be in Boulder." A real estate task force of the EVAB was established to address concerns like these. The task force is formulating a "Tired Building Program" that will encourage and make it easier for property owners to quickly renovate or redevelop office properties. The task force will evaluate opportunities to create more vibrant business districts in places like eastern Boulder and Gunbarrel.

**Actions and Timeline:** Specific private redevelopment proposals will emerge as property owners and developers secure sites, assess market feasibility and obtain financing. The goal for the National Guard Armory is to enable the State of Colorado to select a redeveloper for the site in 2005. Boulder's

role in facilitating the Armory project may include reassessing the goals and objectives for the site, through a public process on the North Boulder Sub-community Plan.

Redevelopment scenarios for portions of the commercial area within University Hill have been initiated. Diagonal Plaza area owners have been contacted. The timeline beyond these actions are dependent on the options that staff brings to Council for its consideration. Options may range from informally encouraging the Diagonal Plaza owners to produce a comprehensive redevelopment plan to the possible formation of a redevelopment district.

Economic Vitality staff and the EVAB task force will continue to develop the concept of a Tired Building Program through 2005, defining the issues that will be addressed, criteria for admission, and sources of program funding. Recommendations will be brought to the council at the completion of this process.

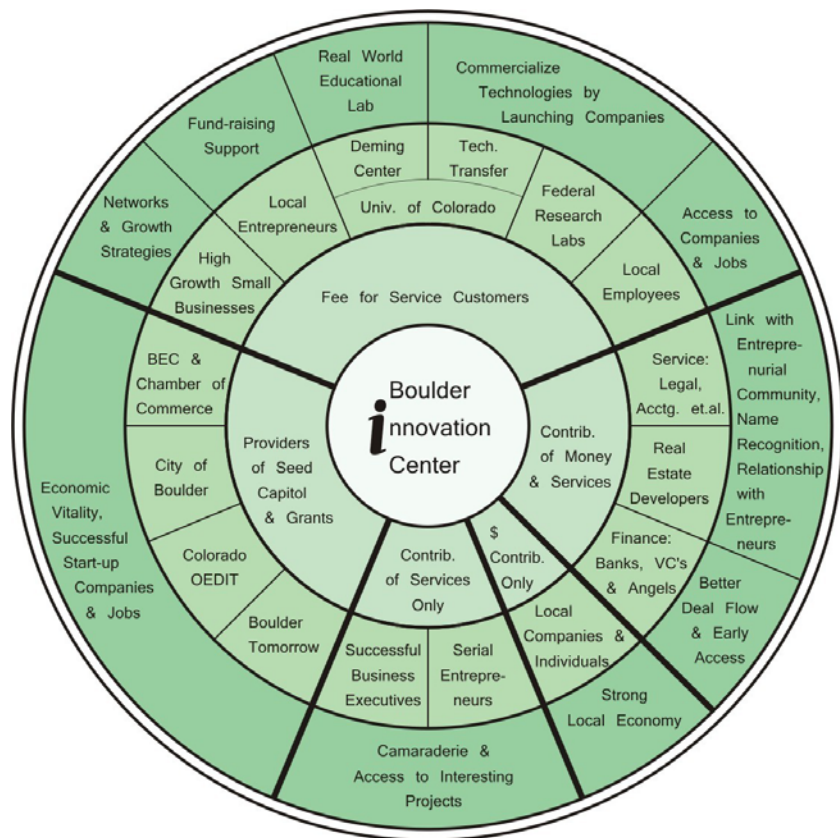
**Measurement:** Redevelopment success will be measured by the level of activity within the city. This may include the number of redevelopment or renovation projects, number of building permits issued, or dollar value of redevelopment projects.

## Business Incubation

New business formation and technology transfer has been a cornerstone of Boulder's economic prosperity for several decades. Led by the Boulder Economic Council with support from the city's Economic Vitality Program and Boulder Tomorrow, this initiative has generated a new model for business incubation. The Boulder Innovation Center (BIC) was incorporated in January of 2005.

The BIC is designed as a locally-controlled and responsive incubator. It is accessible not only to high-tech companies, but also to start-up and small businesses in the other business sectors targeted by the city and its partners.

The Boulder Innovation Center is intended to become self-sufficient after three years of seed investment by the city, Boulder Economic Council, Boulder Tomorrow, and Colorado Economic Development Commission.



Boulder will also pursue initiatives to expand technology transfer through the University of Colorado and the Federal Labs. These efforts may include other universities and research facilities in a broader



region. Conversations are already occurring between Boulder representatives and staff at Los Alamos and Sandia National Laboratories in New Mexico.

**Actions and Timeline:** BIC is now an incorporated entity. Fundraising is in progress and the incubator will be launched in May of 2005. A total of \$150,000 in state funding has been committed to the Boulder Innovation Center, along with \$25,000 each from the city and the Boulder Economic Council. Other funds are being raised from private donors.

	2004		2005					
	1st Half	2nd Half	January	February	March	April	May	June
Incubator Feasibility Study								
Incubator Business Plan								
Incorporate Incubator								
Initial Fundraising								
Define Offerings for Start								
Launch Boulder Innovation Center								
Incubation and Business Support								→

### Measurement:

The success of the Boulder Innovation Center will be measured by its ability to meet the goals stated in its business plan. Technology transfer success will be measured by the success of programs in this area, which will be developed at a later stage.

## Retail Strategy

Boulder's share of the regional retail market has steadily eroded from 57% in 1990 to 35% at the end of 2003. While Boulder may still record per capita sales above the state average, the actual volume of in the community has declined each year since 2000.

Boulder residents are shopping elsewhere for general merchandise goods that are typically sold in large-format stores including both discount stores and traditional department stores. General merchandise stores are the "indicator species" of a healthy retail environment.



A preliminary analysis of the city's retail markets was completed as part of the 2005 update to the Boulder Valley Comprehensive Plan. This is the starting point for a Retail Strategy that will build on the existing

market analysis and assessment of potential sites for retail-oriented redevelopment in the city. As a part of the assessment process, staff will consult with general merchandise retailers about their interest in returning or coming to Boulder. Store and site requirements and interest in non-traditional development patterns such as multi-level stores and structured parking also will be discussed.

**Actions:** A Retail Assessment, including a market analysis and evaluation of potential retail locations, and the city's Retail Strategy will be presented to City Council in July 2005. The City Council will be asked to adopt specific strategies from among several alternatives that will be presented.

	2004			2005						
	October	November	December	January	February	March	April	May	June	July
Initial Market Assessment										
Expanded Market Assessment										
Initial Site Evaluation										
Expanded Site Evaluation										
Hold Discussions with Retailers										
Assemble First Draft of Strategy										
Review by Staff										
Presentation to Council										

❖ International Council of Shopping Centers Annual Leasing Mall, May 2005

**Measurement:** The Retail Strategy will be completed once the City Council has approved the specific measures it would like to see pursued. Success will be measured by the ability of Economic Vitality staff to implement these policy choices.



## Downtown Boulder

Over the past forty years, Downtown Boulder has been one of the most successful central business districts in the nation. In 2005, Downtown Boulder faces a new series of market uncertainties. Following a prolonged regional economic recession, office vacancies in the downtown exceed 15% and leasing activity is soft. Downtown's predominance as a Boulder's primary destination for dining, shopping and entertainment may be challenged by the opening of Twenty Ninth Street.

A task force of downtown stakeholders has completed a strategic plan for the downtown. A consensus formed around six specific actions to implement within the short term.

- Create a small business portal to support business needs.
- Simplify parking, including rates and schedules.
- Refresh downtown's positioning and image strategy.
- Enhance the downtown experience by encouraging new housing and by showcasing local arts and culture.
- Build a downtown conference/convention center.
- Strategically connect with Twenty Ninth Street through Boulder-centric marketing.

**Actions and Timeline:** Specific action items and timelines have been established for each implementation item. The charts found at Attachment B provide more detailed information on each recommendation.

**Measurement:** Success will be measured by progress made toward meeting the goals in the plan.

## University Hill

Boulder's University Hill is a unique business district that has served both the University of Colorado and the University Hill neighborhood for more than 100 years. The business district enjoys a colorful history that has mirrored the ebbs and flows of the community's political, social, and economic

changes. In recent years, University Hill has drifted into a state of economic lethargy. Retail sales have been flat, its retail and restaurant mix has weakened and its relevancy to its traditional and neighborhood markets has diminished.



The City and its partners hope to rejuvenate the University Hill commercial area by introducing a new mix of residential and commercial uses. This is going to be accomplished by encouraging redevelopment in strategic locations on the Hill. Actions to spur redevelopment began in 2003, and the next phase of the process will be a workshop to create concepts for key sites.

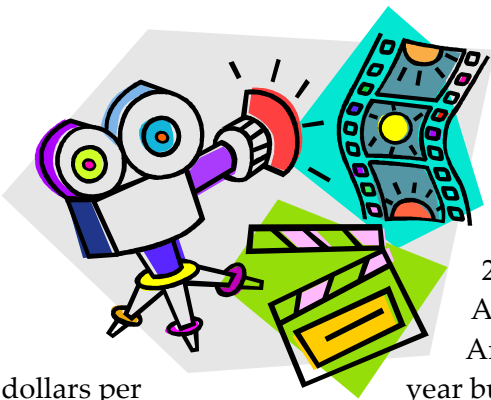
The Ross Consulting Group Business Plan recommendations are the basis for a Hill Redevelopment Workshop that will happen in April of 2005. The workshop process will test the recommended development sites by using professional designers and real estate and retail financial experts to determine a mixed-use building program, create preliminary massing studies and plans, examine

the role of historic preservation and transferable development rights (TDRs), and develop pro formas to test the financial viability of the redevelopment scenarios. Involved in this process are the hill stakeholders – The Hill Alliance, University Hill General Improvement District (UHGID) Advisory Committee, Hill neighbors, CU staff and students and Hill business and property owners.

**Actions and Timelines:** Hill Redevelopment Workshops will be held this spring and the outcomes from these workshops will help to stimulate actual redevelopment of site on the Hill.

	2003	2004	2005
Hill Vision Plan			
Hill Business Plan			
Redevelopment Scenarios			

**Measurement:** Progress in the University Hill commercial area will be measured by vacancy rates, the mix of businesses, and redevelopment activity which occurs.



### Tourism and the Arts

Tourism is a significant contributor to Boulder’s economy and generates substantial sales tax revenues. Visitors to the city spend an estimated \$355 million per year at city businesses, generating over \$10 million dollars in sales tax revenue. In 2003, this comprised 14.3% of the city’s General Fund.

According to an economic impact study done by the group, Americans for the Arts, art and culture generates \$19.2 million year business in Boulder. Besides having a direct economic impact,

dollars per arts contribute to the character of the city, helping to make it a place that is attractive to residents and to the companies that conduct their businesses here. Working with the Boulder Convention and Visitor’s Bureau and with assistance from the Boulder Hotel and Motel Association, the Boulder Chamber of Commerce, the Arts Commission and many other partners, the city continues to promote tourism and the arts as a low-impact means of generating income to the city and its businesses.

## **Actions:**

- Continue the feasibility study process for a downtown convention/conference facility, with a public vote in 2006.
- Identify and create a Boulder “brand” as a tourist destination.
- Develop more opportunities for sporting events by working to provide more multi-use outdoor sports facilities.
- Promote arts and cultural events which enhance the quality of life for local residents, and make Boulder a more attractive place to conduct business.

**Timeline:** Tourism and arts promotion is an ongoing effort that has been in place for several years. Renewed efforts are being made to continue the efforts to date as well as to increase and expand cultural, sporting, and general tourism events. A good example of this is the Boulder International Film Festival – an event that garnered wide-spread support from the City.

**Measurement:** Success will be measured by an increase in hotel occupancy, introduction of new events which draw tourists to Boulder, and improvements to Boulder’s tourism infrastructure.



## **Conference/Convention Center**

Exploration of the potential conference/convention center has been a partnership between the city and many organizations. A staff working group is comprised of representatives from the Boulder Convention and Visitors’ Bureau, the City of Boulder (DUHMD/PS, Economic Vitality staff, Arts Commission Liaison), the Boulder Chamber of Commerce, the Boulder Economic Council, Downtown Boulder Inc., Downtown Boulder BID and the Boulder Hotel & Motel Association. In addition, a

Community Advisory Committee (including several members of the EVAB) has been formed to provide input to the staff working group with representatives from Boulder hotels and motels, downtown business community, Planning Board, arts organizations, CU, the Boulder Chamber of Commerce and the Boulder Economic Council.

The primary reason for a citywide conference/convention center is to generate new customers for Boulder businesses and additional revenue for the city. The goal is to make a bigger pie, not simply re-slice the existing one. Council approved a resolution in February 2005 directing staff to provide an in-depth feasibility study for an economically-sound conference/convention center at a downtown location along Canyon Boulevard, to apply for an Federal Economic Development Administration grant to help cover feasibility costs, to study stand alone community uses such as civic, educational or cultural uses, and to coordinate with the University of Colorado and the federal labs regarding their potential use of the facility.



The financing strategy for the conference/convention center focuses on the segments of the community that will benefit most from the facility. It is envisioned that a citywide election would be necessary to raise accommodations and restaurant taxes. Also under consideration is the creation of a special assessment district in the downtown for the center.

**Actions and Timeline:** Staff has completed an initial feasibility and site selection process with its partners and the Advisory Committee. Pursuant to Council direction in the resolution, the market feasibility study will be conducted in a phased manner. Staff has applied for the Federal grant and is continuing negotiations with the Canyon site property owners. A design process for the stand-alone community uses utilizing the 9<sup>th</sup> and Canyon Civic Use Task Force is underway. If all aspects of this project proceed positively, staff anticipates that the earliest the issue could be considered for a public vote would be November 2006 due to the amount of design and analysis necessary, as well as public participation and regulatory reviews.

	2001	2002	2003	2004	2005	2006	2007
Feasibility Study without Site							
Site Selection Process							
Federal Grant Application							
Property Negotiations							
Canyon Site Feasibility Phase 1							
Canyon Site Feasibility Phase 2							
Public Vote						❖	
Complete Design, Bid, and Build							→

❖ Public vote in November 2006

**Measurement:** The goal of a community-wide conference/convention center will be to bring new revenues to the city of Boulder. A secondary benefit will be providing space for use by community organizations and civic groups. If a conference center is established, staff will monitor and track the activity and use of the center and measure the revenues brought by events.



## Communication

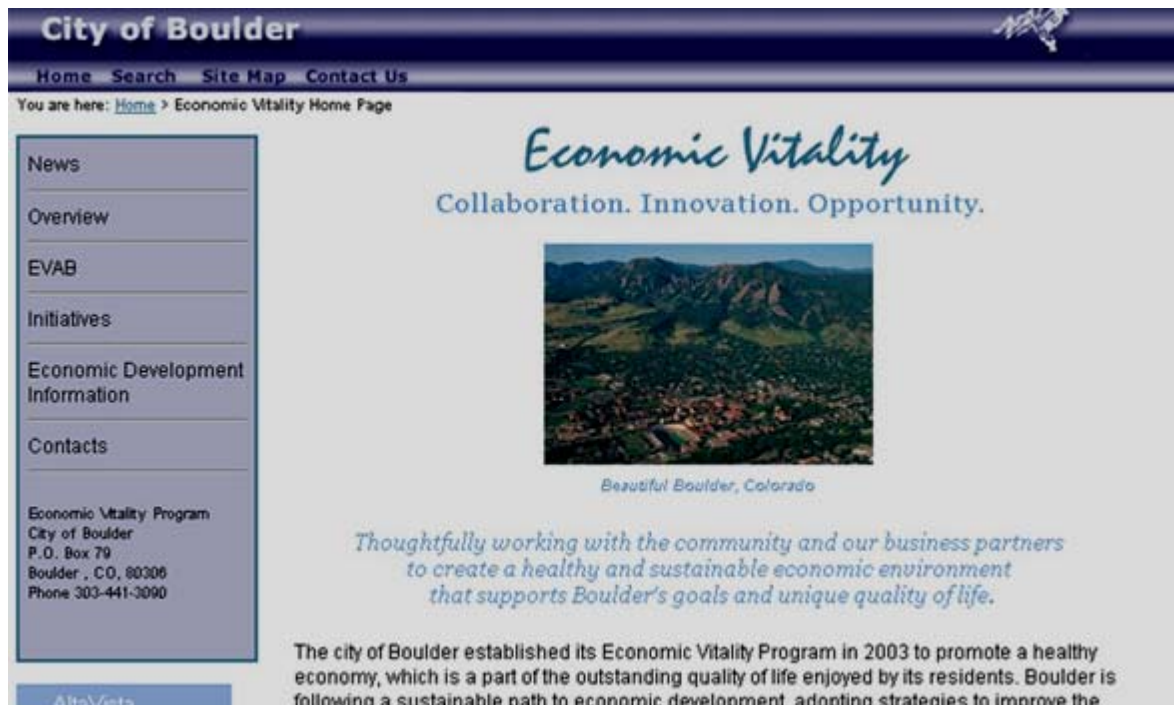
As Boulder implements an Economic Vitality Program, there will be a continuing need to promote good communication to diverse audiences. These will include internal audiences such as city employees and boards, community residents, the business community, and audiences outside of the City of Boulder. To plan and guide these messages, staff has established an Economic Vitality Communication Plan.

The intent of a communications program is to develop community understanding of economic vitality, inform stakeholders, generate interest in economic vitality initiatives, and dispel the perception that Boulder is “anti-business.” The communications strategy will incorporate several approaches.

- Formulate a message that provides a clear and concise statement of how and why Boulder is engaged in economic vitality.
- Develop a web site, [www.businessinboulder.com](http://www.businessinboulder.com), to communicate with constituents.

- Create brochures and other marketing assets which introduce economic vitality and the services offered by the city and its partners.
- Establish a program of media relations.

**Actions and Timeline:** The communication effort is underway will be a continuing part of the Economic Vitality Program. The Economic Vitality web site, **www.businessinboulder.com**, was launched in the first quarter of 2005. This site will be enhanced and updated as new information and initiatives are developed.



### Measurement:

The Economic Vitality Communication Plan is intended to achieve the following outcomes:

- Develop community understanding of, and support for, the rationale of the city's economic vitality efforts.
- Dispel the perception that Boulder is "anti-business."
- Provide outreach to key community stakeholders.
- Enlist input and involvement from City Council and the community.
- Generate interest among business leaders in development and redevelopment opportunities.

These outcomes will be measured through a variety of outreach and feedback efforts.

Attachment A

Economic Vitality Policy

Adopted October 2003

Attachment B

Downtown Boulder Business Improvement District

Economic Vitality 2005 Strategic Plan